PROVINCIAL CAPITAL COMMISSION

SERVICE PLAN

for Fiscal Years 2008/09 – 2010/11

BRITISH COLUMBIA

The Best Place on Earth

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INTRODUCTION

The PCC's 2008/09-2010/11 Service Plan is prepared in accordance with the *Budget Transparency and Accountability Act*.

This plan outlines the business environment in which our organization operates, and defines our long-term goals and short-term priorities for the next three years. It also discusses the risks we face today and in the future, and the measures and targets we currently use to evaluate our performance. Specifically:

- Section 2 of this Service Plan provides an organizational overview of the Provincial Capital Commission's (PCC's) vision, mission, values and business operations.
- Section 3 describes the PCC's corporate governance, including details of the organization's governance structure and disclosure guidelines.
- Section 4 sets the strategic context in which the PCC operates today and expects to operate in the future. This includes an overview of the Shareholder's expectations and risks, and opportunities that could affect planning and performance.
- Section 5 outlines the PCC's goals, strategies and performance measures.
- Section 6 summarizes the financial outlook and key financial assumptions made for this 2008/09-2010/11 Service Plan.
- Section 7 offers the conclusion to this plan.

LETTER FROM THE CHAIR

January 29, 2008

Honourable Stan Hagen
Minister of Tourism, Sport and the Arts

Dear Minister Hagen:

As the Provincial Capital Commission (PCC) enters 2008, it also enters the fifth year of its renewed focus on connecting and celebrating the Capital with all British Columbians. This service plan builds on the PCC's recent achievements in this area, especially by incorporating performance measures revised in the past year to better focus on these goals.

Looking back, we can see that several of the PCC's new Outreach initiatives have proven to be unqualified successes. These initiatives include our Student Travel Subsidy program, which has seen applications almost double over the first year of operation, and our new online Social Studies unit for grades 4-5, which has garnered praise from professionals in the field. Going forward, we are determined to expand the reach of these successes, using them as tools to "connect and celebrate" the Capital with more young people province-wide. In addition, we will find creative ways to develop new programs within the resources available.

We also embrace our stewardship responsibilities for the properties and heritage buildings with which we have been entrusted. After a period of upheaval, the remediated Crystal Garden has found a long-term tenant in the City of Victoria's Conference Centre, and we look forward to a productive partnership there. Only a few blocks down the road, the Inner Harbour has attracted new studies that will no doubt generate new plans among its multiple stakeholders, and we look forward to working with them as well.

I wrote last year of the special challenges and opportunities of two great events coming to British Columbia: the BC150 Years celebrations in 2008, and the Winter Olympics in 2010. We have made exciting plans for contributing to these events, and we expect the PCC's contributions to be an important part of their success.

I wish to confirm that:

- The 2007/08 – 2009/10 PCC Service Plan was prepared under the Board's direction in accordance with the Budget Transparency and Accountability Act;
- The plan is consistent with government's strategic priorities and Strategic Plan;
- The Board is accountable for the contents of the plan, including the selection of performance measures and targets;
- All significant assumptions, policy decisions, and identified risks as of January 29, 2008 have been considered in preparing the plan.
- The performance targets in this plan have been determined based on an assessment of the PCC's operating environment, forecast conditions, risk assessment and past performance.

I look forward to reporting to you throughout the year on PCC strategies and operations.

Bill Wellburn FCA
Chair

ORGANIZATIONAL OVERVIEW

Summary Description and Primary Business

The Provincial Capital Commission (PCC) raises awareness of the Capital through targeted Outreach and stakeholder communication. The PCC aspires to inform all British Columbians about the unique history and beauty that make Victoria and British Columbia the best place on earth. The PCC is also the registered owner and steward of many provincially owned properties and heritage buildings in the Capital region.

Benefit to British Columbia

The work of the PCC benefits the public by:

- Connecting British Columbians with their Capital through innovative Outreach initiatives
- Taking the Capital to British Columbians and bringing British Columbians to the Capital
- Providing responsible and sensitive stewardship to properties and heritage buildings located in the Capital and owned on behalf of the province

Core Business Areas and Major Programs

The PCC has two core business functions:

- Delivery of Outreach and Engagement programs that connect British Columbians with their Capital, and the Capital with all British Columbians
- Stewardship of our heritage, Inner Harbour and open space properties

Partners, Clients and Stakeholders

The PCC operates in an environment that includes other parties with mandated responsibilities, visions and interests including: municipalities, other government departments, First Nations, other agencies such as the Greater Victoria Harbour Authority and the private sector.

Products and Services Provided

These include:

- Programming to assist student groups from across the province to visit the Capital
- Partnerships with businesses, not-for-profits and the tourism sector to boost awareness and visitation to the province's Capital
- Educational and research support for students, teachers and First Nations

Markets Served

The PCC serves the following principal markets:

- Citizens of British Columbia
- Communities throughout the province
- Visitors to the Capital
- Teachers and students
- Interested parties seeking information on the Capital

Location of Operations

The PCC's headquarters is located at 613 Pandora Avenue in Victoria, BC. Programs for schools and the general public are also offered at St. Ann's Academy located at 835 Humboldt Street in Victoria, BC.

How Services are Delivered

The PCC delivers its services in a variety of ways:

- Financial support for events and programs in the Capital and regional events and programs throughout selected areas of the province
- Publications
- Website
- Strategic Partnerships
- PCC staff resources

Enabling Legislation

The PCC is a Crown Corporation created in 1956. The *Capital Commission Act (1977)* currently provides the PCC with powers to focus primarily in real property and beautification throughout the Capital Improvement District. At the direction of government, the PCC changed its mandate in 2003 to include a broader province-wide mandate of engendering a sense of pride by all British Columbians in their Capital and province.

Business Model

As a self-sustaining Crown corporation, the model of the PCC is to optimize net income from its property assets to fund expenditures incurred in the delivery of Outreach programs and its core business operations.

Financial performance of the PCC is driven by:

- Optimizing revenues from commercial activities, in particular tenant leases and revenues from future development sites currently used for parking lots
- Application of the resources required to achieve Service Plan goals for the core business areas
- The stewardship of heritage and open space properties
- The net cost to operate St. Ann's Interpretative Centre and grounds

CORPORATE GOVERNANCE

The PCC has a 14-member Board of Directors pursuant to the Capital Commission Act. Eight members including the Board Chair are appointed by Order in Council to represent the Province at large. The remaining six are appointed by the four core municipalities of Greater Victoria (two from Victoria, two from Saanich, and one each from Oak Bay and Esquimalt). The board of directors governs the PCC under the *Capital Commission Act*. Day-to-day management of the PCC is delegated by the Board to the CEO.

The Board of Directors has adopted principles and policies that guide:

- Stewardship, leadership and effective functioning of the Board
- Clarity of roles and responsibilities
- Accountability and performance

Disclosure Guidelines

Best Practice Guidelines on Governance and Disclosure were issued by government in February 2005 and organizations were requested to meet the disclosure standards by April 2006. The PCC has complied with all 12 disclosure requirements.

The disclosure includes terms of reference for the Board and its committees, the Chair and the CEO. Director biographies, director attendance records, the number of board and committee meetings held during the year and Board minutes are also disclosed. This information can be found at: http://www.bcpcc.com/board/governance.htm.

Board of Directors
Provincial Capital Commission

DIRECTOR	FROM	APPOINTED
Bill Wellburn, Chair	Victoria	Order In Council
Beth Campbell, Vice Chair	Penticton	Order In Council
Barbara Brink	Vancouver	Order In Council
Allan Cassidy	District of Oak Bay	Municipal Rep.
Jane Durante	Vancouver	Order In Council
Chris Fairbank	Nelson	Order In Council
Hy Freedman	Township of Esquimalt	Municipal Rep.
Robert Gillespie	District of Saanich	Municipal Rep.
Rob Hunter	Victoria	Order In Council
Wayne Hunter	District of Saanich	Municipal Rep.
Pamela Madoff	City of Victoria	Municipal Rep.
William Oppen	Dawson Creek	Order In Council
Geoff Young	City of Victoria	Municipal Rep.

Senior Management Team

NAME	POSITION
Ray Parks	Chief Executive Officer
Rick Crosby	Chief Financial Officer
Denis Johnston	Director, Outreach and Engagement

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Senior Management Team

NAME	POSITION
Ray Parks	Chief Executive Officer
Rick Crosby	Chief Financial Officer
Dana Johnston	Director, Outreach and Engagement

STRATEGIC CONTEXT

Government Direction

A Shareholder's Letter of Expectations sets out the respective roles and responsibilities of the Shareholder and the PCC and serves as the basis of agreement between the parties including high level performance expectations, public policy issues and strategic priorities.

The letter is posted on our website at: http://www.bcpcc.com/

Internal Risk Factors and Mitigating Strategies

Risks and sensitivities that may impede the PCC's ability to deliver the Service Plan are outlined in the table below:

Area of Risk	Risk/Sensitivity	Mitigating Strategy
Outreach	Within the self-sustaining model, funding for Outreach programs is dependent on net revenues from commercial properties	Further growth potential linked to optimization of revenues from property assets
Properties	Belleville property revenue streams may be impacted by future Inner Harbour development Tenant income is sensitive to building occupancy and rent from percentage of sales, where applicable Future capital maintenance and heritage building remediation is conditional on source funding	Potential sensitivity on PCC revenue will be taken into consideration as part of future development plans PCC has implemented or developed plans to fully utilize building space. Revenue assumptions are conservative. Engineering assessments have been completed on all buildings; capital maintenance plan is linked to risk management; retained earnings capacity is expanding; additional capacity if required, to be developed in consultation with the provincial government
Staffing	Succession planning - 50% of PCC staff are eligible for retirement within 5 years	Management succession plans in place

GOALS, STRATEGIES AND PERFORMANCE MEASURES

This section presents the PCC's goals and outlines how specific strategies and performance measures are helping to achieve these goals. The PCC's goals focus on the long-term outcomes relating to the Commission's core businesses. One of the ways that progress toward goals is tracked is through monitoring and reporting on performance measures. For each performance measure, annual performance targets for the next three years are provided.

Service plan goals, strategies and performance measures will continue to develop over time as the PCC's needs, resources and priorities change and as improved performance information becomes available. The PCC evaluates its performance measures to ensure they are meaningful, reflect PCC priorities and focus on the desired outcomes. The PCC continues to collect additional statistics on trends associated with awareness of the PCC and its roles and responsibilities, as well as familiarity of Victoria, our provincial Capital.

Goal One: ***British Columbians embrace and take pride in the Capital***

This goal is to be achieved by creating a concept of the Capital as a historic and cultural centre of the province through strategies and programs that extend to all citizens of the province. During the period covered by this plan, the focus will be on Outreach and Engagement to encourage British Columbians to develop a sense of pride in their Capital and whenever possible to participate in programs that connect them to the Capital. The program delivery to achieve this goal will emphasize youth and children, history / heritage, culture, Aboriginal people and civic commitment.

Strategies:

- Implement a series of Outreach programs and Communications strategies to connect children and youth to their Capital and engage them in activities that manifest this connection
- Assess the impact and cost/benefit of Outreach strategies through internal monitoring and external surveys, and redesign or refine the products and processes accordingly
- Reach out to Aboriginal peoples by developing new programs, facilitating opportunities and working in partnership with representative bodies
- Implement "signature programs" that will be strongly identified as the corporate mark of the PCC
- Connect the regions to the Capital by providing the opportunities and support for having the Capital represented in the regions and a meaningful presence of the regions in the Capital
- Use the province-wide celebration of BC150 as a vehicle to launch or expand priority programs

Performance:

Successful performance in the above Outreach, Engagement and Communications strategies are to be determined by measuring the number of programs implemented, the number and representation of the citizens that respond to or participate in the various Outreach activities, and the qualitative response of the participants, all within the scope of the PCC's self-sustaining business model.

Goal One Performance Measures	2006/07[4] Actuals	2007/08 Forecasts/ Baseline	Targets		
			2008/09	2009/10	2010/11
Description and cumulative number of new Outreach programs	4 new initiatives	6 new initiatives	+2 new initiatives	+2 new initiatives	+2 new initiatives
Number and geographic location of communities participating in PCC Outreach and PCC-sponsored events and activities	New measure for 2007/08	48 communities participating in Outreach and sponsored events (baseline)	+5% from baseline	+5% from baseline	+5% from baseline
Level of participation in PCC Outreach programs targeted for children and youth	New measure for 2007/08	Approximately 3500 students will visit the Capital with the assistance of the Student Travel Subsidy Program (baseline)	+5% from baseline	+7% from baseline	+10% from baseline
Participant and community assessment of the quality and effectiveness of PCC Outreach programs	New measure for 2007/08	Achieve high quality and effectiveness of PCC Outreach programs	Maintain positive assessments	Maintain positive assessments	Maintain positive assessments

Goal Two: ***Effective management of property assets to optimize revenues and opportunities on a self sustaining basis*** In order to achieve the goal of a financially viable, self-sustaining service delivery Crown corporation, it is critical to ensure that assets and properties held in the public trust be dealt with in a manner that is consistent with responsible stewardship.

Strategies:

- Identify opportunities to optimize revenue from property assets
- Rationalize property assets consistent with the PCC Property Plan and government direction
- Follow sound risk management practices by implementing plans to manage risks that could result in loss of value, revenue or cost exposure to the PCC through setting priorities for mitigation strategies considering cost/benefit implications

Performance:

Performance in this area will be measured by monitoring the extent to which revenue targets are achieved, the development of property improvement initiatives and the percentage of occupied leased space in PCC heritage buildings.

Goal Two Performance Measures	2006/07 Actuals	2007/08 Forecasts/ Baseline	Targets		
			2008/09	2009/10	2010/11
Annual revenues from all corporate assets	$3.1 million	$3.3 million	$3.23 million	$3.28 million	$3.33 million
Qualitative improvements to property management	9 new improvements	> 5 new improvements	To be reported annually	To be reported annually	To be reported annually
% of occupied leased space in heritage buildings	92%	>95%	>95%	>95%	>95%

Goal Three: ***Sound Governance and results-oriented management of the Provincial Capital Commission*** This goal is to be achieved through the efficient use of the PCC's resources, the accountability for the stewardship of those resources and by effectively fulfilling the PCC's mandate.

Strategies:

- Embrace government's Climate Action Strategy.
- Continue with best practices in corporate governance.
- Monitor implementation of enterprise-wide risk management.
- Maintain highest standards of management and financial reporting.
- Establish budget targets based on available financial resources
- Evaluation of the Board, CEO and Board Chair.

Performance:

Measures will include annual evaluations of the timeliness and accuracy of quarterly management reporting on annual operating plan results, with reasons for any deviation from planned performance and success in acheiving targets.

Goal Three Performance Measures	2006/07 Actuals	2007/08 Forecasts/ Baseline	Targets		
			2008/09	2009/10	2010/11
Qualitative improvements in business processes and governance	New Measure	3 improvements	3 improvements	3 improvements	3 improvements
Board governance and corporate support costs as a % of budgeted revenue	14%	14%	<15%	<15%	<15%
Self-sustaining operations	Achieved budget (surplus $370,000)	Achieve for operations (budgeted surplus $50,000)	Achieve budget	Achieve budget	Achieve budget

FINANCIAL OUTLOOK SUMMARY

$ Thousands	*2006/07 Actual*	*2007/08 Forecast Quarter 3*	*2008/09 Plan*	*2009/10 Forecast*	*2010/11 Forecast*
Revenue (1)	3,088	3,300	3,225	3,275	3,325
Expenses (2)					
Programs	(865)	(1,150)	(1,200)	(1,225)	(1,250)
Properties	(1,480)	(1,550)	(1,555)	(1,570)	(1,585)
Corporate Support and Board Governance	(373)	(400)	(420)	(430)	(440)
Total Operating Expenditures	(2,718)	(3,100)	(3,175)	(3,225)	(3,275)
Net Income from Operations	370	200	50	50	50
Property Plan - Disposition Proceeds (3)		690			
Funded from Restrictions of Retained Earnings					
BC150 Celebrations	-	(200)	(400)		
Greenways/Beautification Program	(35)	-	(95)	-	-
Investment in Capital Assets (4) (net of contributions)	(228)	(280)	(175)	(100)	(100)
Retained Earnings (end of year)	838	1,425	1,000	1,150	1,325
Debt	-	-	-	-	-
Full Time Equivalents *(FTEs)*					
Programs	5	6	6	6	6
Properties	3	3	3	3	3
Corporate Support and Board Governance	3	3	3	3	3
Total FTEs	11	12	12	12	12

(1) Revenue includes income from property assets, investment income and deferred contributions.

(2) Program expenses include direct funding of Outreach Programs, St. Ann's Interpretive Centre and program administration. Properties expenses include direct operating expenses, amortization of buildings and equipment, and property administration. Corporate Support and Board Governance includes corporate administration and Board and Committee meeting expenses.

(3) Property Plan proceeds are net of disposition expenses.

(4) Capital projects in excess of $200,000 are authorized by Order in Council. 2006/07 includes completion of the Crystal Garden building remediation authorized at $3.6 million. 2007/08 includes the seismic upgrade to the Visitor Information Centre Clock Tower at a projected cost under $200,000.

Financial Performance and Key Assumptions

The PCC Financial Outlook Summary aligns available financial and staff resources to achieve the Service Plan vision and goals. The key assumptions are as follows:

- The outlook for revenues, expenditures and investment in capital assets is based on self-sustainability
- Revenue projections are based on current capacity and use of property assets
- Revenue increases are funding growth in the delivery of Outreach programs
- The outlook provides for government negotiated cost-of-living wage adjustments and cost inflation on property expenses
- Service plan goals are to be achieved within current staff capacity
- Allowance for capital maintenance uses available retained earnings capacity

The objective of the financial outlook is to fully utilize revenue from optimization of property assets to expand the delivery of Outreach programs, finance essential capital maintenance of PCC-owned heritage buildings, and build retained earnings capacity.

FORECAST RISKS AND SENSITIVITIES		
Area of Risk	**Sensitivities**	**Financial Implications**
Tenant Income	Future Inner Harbour development	Future Inner Harbour development may impact revenue streams on Inner Harbour properties
	Factors impacting tourism in the Capital	Revenue from % of sales performance has been conservatively projected
Property Expenses	Unanticipated cost inflation on utilities, insurance, repairs and maintenance	Financial Outlook includes contingency alllowance for unanticipated costs
Outreach	Funding linked to property revenue	Outreach funding levels are based on self-sustainability
Capital Maintenance	Property risks; retained earnings availability	Capital maintenance is focused on essential risk management based on available retained earnings

CONCLUSION

This Service Plan presents our assessment of the current business environment, both external and internal, as well as the risks and opportunities we see ahead. It also outlines the strategies we have put in place that enable us to efficiently evaluate our performance, report on our progress and make any necessary improvements.

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PROVINCIAL CAPITAL COMMISSION

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